

22 DEC 1958

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: Some Highlights of ORR Activities Subsequent to  
DD/I's Departure Early November

1. Following notification of Khrushchev's "Seven-Year Plan Theses" on 14 November 1958 and with expediting by FDD/CO, ORR was able to put before the DCI on Monday morning, 17 November, an analysis of the new goals for 1965. Copies were also provided to the White House Staff and selected high officials. Subsequently, [redacted] briefed Paarlberg and other White House Staff members on the theses and later, with the assistance of [redacted] briefed the Chairman of the President's Council of Economic Advisers and his immediate staff. In this latter instance, both Saulnier and McCracken interrupted with many detailed questions relating to character of data utilized and methods of analysis, some of which defied complete answers because either information did not exist or time did not permit full explanation. An offer was made to provide fuller explanations to McCracken at his convenience.

2. Recently, ORR analysts have played a major role in the reappraisal of the GMIC estimate on the progress of the Soviet guided missile program. Khrushchev stated on 14 November that "the production of intercontinental ballistic missiles has been successfully set up." Two weeks later, Igor Usachev told Dr. Kistiakowsky that ICBMs were in mass production in the USSR and more than a "token number" of ICBM launching sites were in being. Dr. Kistiakowsky urged reconsideration of the intelligence community's estimate. Fortunately, ORR analysts had already undertaken a detailed examination of earlier statements and found that Usachev's statement did not go beyond public statements which he and other Soviet personalities had made as long as one year ago. ORR presented this information at a meeting held with Dr. Kent, Dr. Seoville, [redacted], and others.

3. [redacted] participated actively in the preparation of the report of the Antarctic Working Group of the OCB. A semi-final draft of the report has been distributed and I am informed that a redraft is to be undertaken this week prior to formal submittal for review by OCB on 22 December. [redacted] has accompanied the DCI to OCB meetings where the subject of Antarctica has been under discussion. At the request of officers at ATIC, [redacted] made a special trip to Wright-Patterson Field on 17 December to brief a group of officers on this general subject.

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Departure Early November

4. A scheduled two-week meeting to discuss problems relating to intelligence on Sino-Soviet Bloc internal and external trade and economic relations was held during the first two weeks in December [REDACTED]

[REDACTED] . It is reported that the sessions were exceptionally useful and that agreement was reached on many points, particularly regarding the ruble: yuan/dollar ratios. Areas requiring priority research were also identified.

5. Three papers dealing with Soviet petroleum, Soviet agriculture, and Soviet trade were prepared for the use of the DCI in discussion with NBC and ABC correspondents. [REDACTED] Material on Soviet economic growth was provided the DCI and [REDACTED] for use in briefing the Draper Committee. A short piece on how much the Satellites are costing the Soviets was provided to the DCI for a speech at the Crusade for Freedom luncheon.

6. On 20 November, Guthe, [REDACTED] held discussions with the Chief of Production and other officers at Ft. Meade in an effort to clarify the importance of continuing the processing of information in the economic and trade fields, particularly within the context of the current "cold war." It is believed that this series of discussions was useful even though there is continuing concern regarding some of the shifts that are taking place not only in terms of personnel reallocations but also in terms of relocation of activities in which CRR has an interest.

7. On 13 November, I called together the group which had previously met to discuss ways of improving the [REDACTED] Program in order to emphasize priority targets, to reduce the overall volume of requirements, and to provide more effective brief formats. This group consisted of the more senior officers in the requirements and collection components of the several agencies. The results were gratifying. At [REDACTED] suggestion, I requested [REDACTED] TDY to headquarters for two weeks to firm the revised procedures. He acted as [REDACTED] emissary in this respect and fulfilled his mission.

8. CRR has been providing the Office of the Secretary of Defense with detailed information on Soviet military expenditures. It appears that this information is providing background in the consideration of US expenditures in connection with the review of the US defense budget. ACSI has also been provided similar data which has been used in briefing General Taylor and other senior officers in the Department of the Army. Much interest has been shown and further breakdown of data is being requested by ACSI.

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9. The Economic Working Group of JAEIC, chaired by [REDACTED] has found that their estimated utilization of resources in the Soviet nuclear energy program points toward probable higher rates of production than are carried in the community's estimate. This discrepancy is recognized at JAEIC level but no explanation is yet forthcoming.

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11. [REDACTED] study "China's Gross National Product and Social Accounts, 1950-57" was published in hard cover book form by [REDACTED] in late November.

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12. Lastly, I had a very informative and instructive 12 days in Williamsburg, Virginia, as a participant in the Fifth of the Brookings Institution Conferences for Executives in the Federal Service. A report will be forthcoming.

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[REDACTED]  
OTTO E. GUTHE  
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